
EIA Short-Term Energy and Winter Fuels Outlook



October 10, 2012 / Washington, DC



U.S. Energy Information Administration

Independent Statistics & Analysis

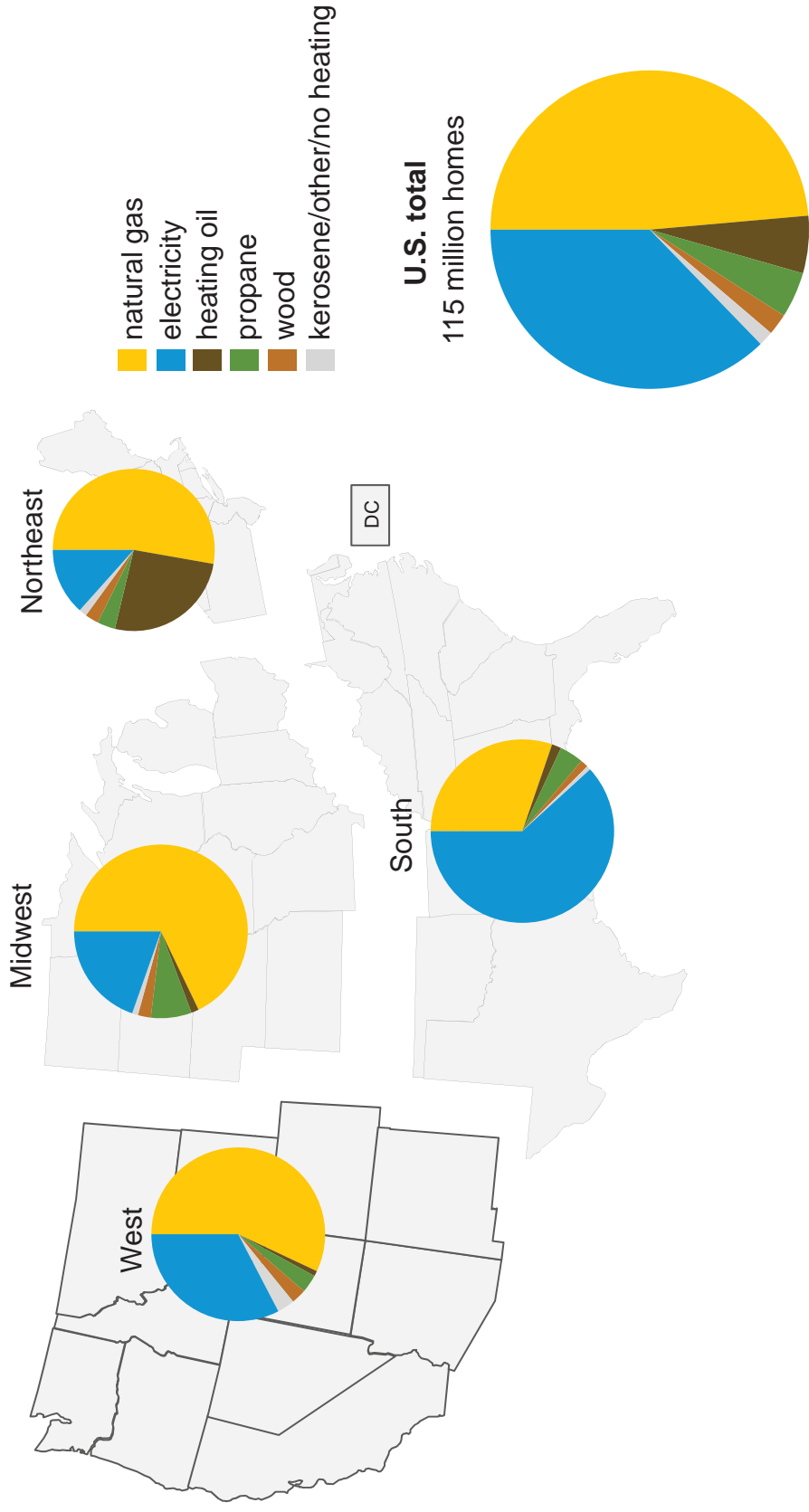
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Overview

- EIA expects higher average fuel bills this winter in states east of the Rocky Mountains.
- A return to a near-normal winter is the main driver of higher expenditures.
- Projected changes in residential prices from last winter are:
 - 1% higher natural gas prices
 - 2% lower electricity prices
 - 2% higher heating oil prices
 - 4% lower propane prices
- Forecast average household expenditures for heating oil users are at their highest level ever.

Heating fuel market shares vary regionally

Number of homes by primary space heating fuel and Census Region, winter 2012-13



Source: EIA Short-Term Energy Outlook, October 2012

Expenditures are expected to increase this winter (October 1– March 31) for all fossil fuels

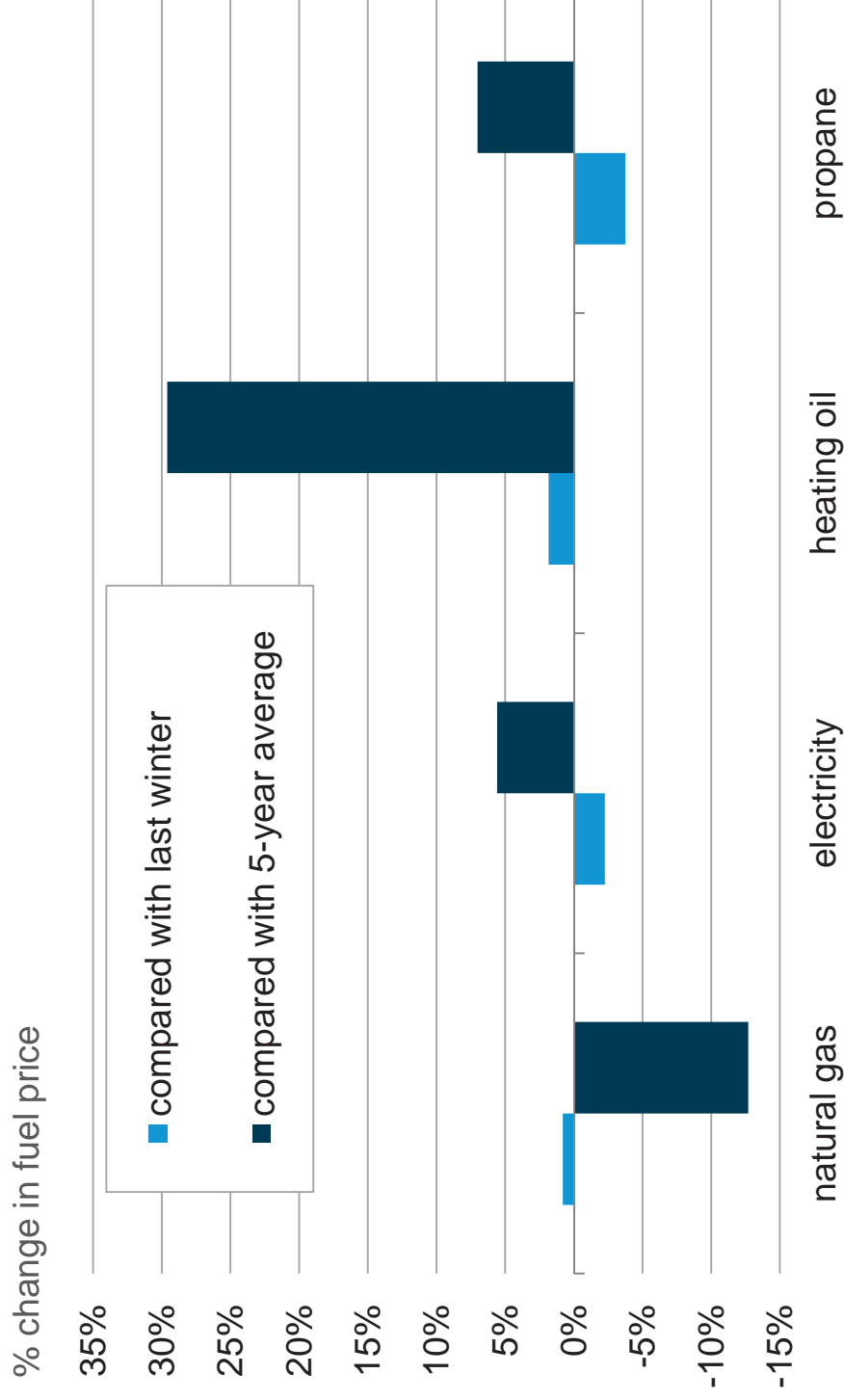
Percent change in fuel bills from last winter (forecast)

Fuel bill	Base case forecast	If 10% warmer than forecast	If 10% colder than forecast
Heating oil	19	7	32
Natural gas	15	3	28
Propane *	13	-	-
Electricity	5	2	11

* Propane expenditures are a volume-weighted average of the Northeast and Midwest regions. All others are U.S. volume-weighted averages. Propane prices in warm and cold cases are not available.

Source: EIA Short-Term Energy Outlook, October 2012

Forecast fuel prices are close to last winter's averages

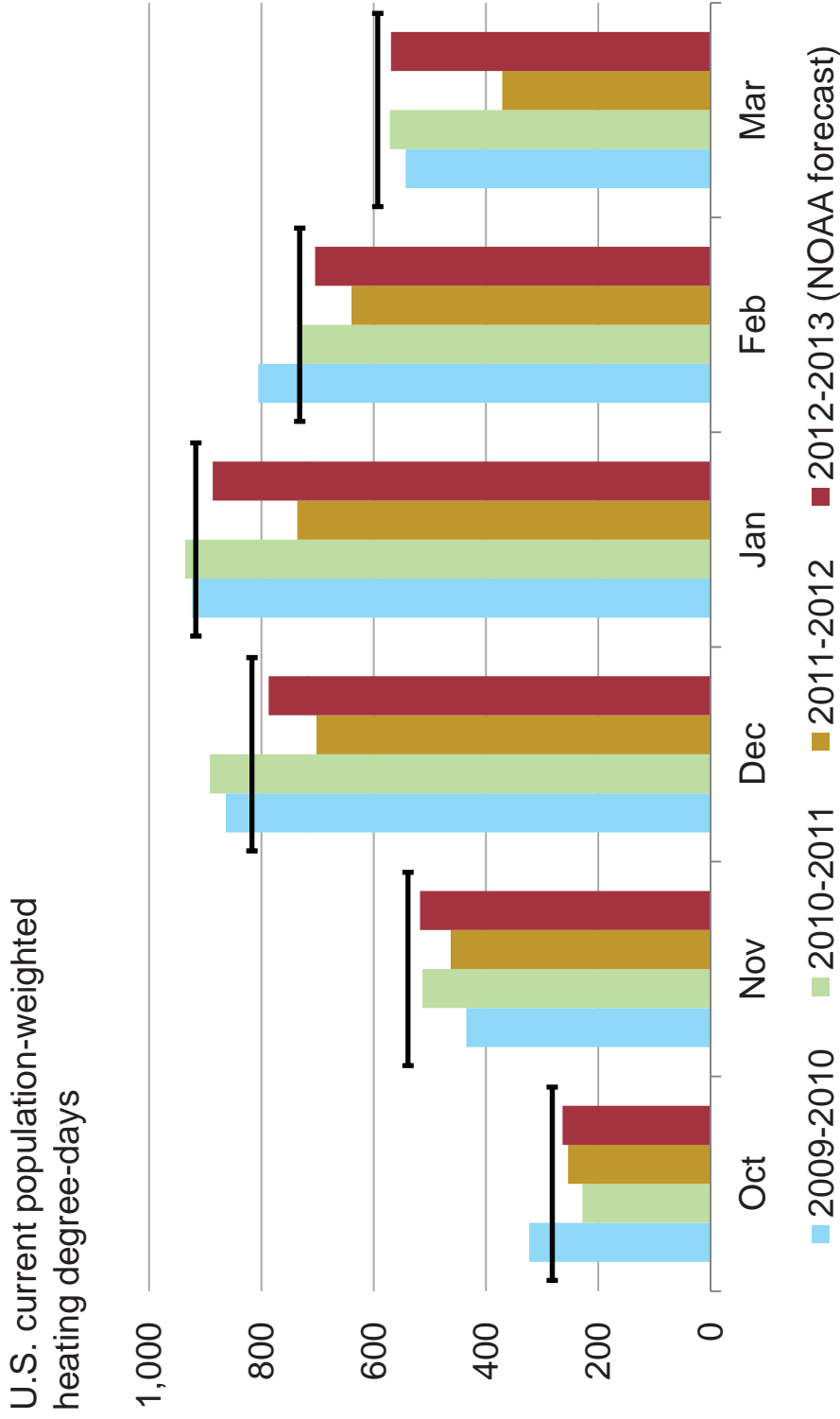


Source: EIA Short-Term Energy Outlook, October 2012



Short-Term Energy and Winter Fuels Outlook
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The U.S. winter 2012-13 heating season forecast is about 2% warmer than the 30-year average, but 18% colder than last winter



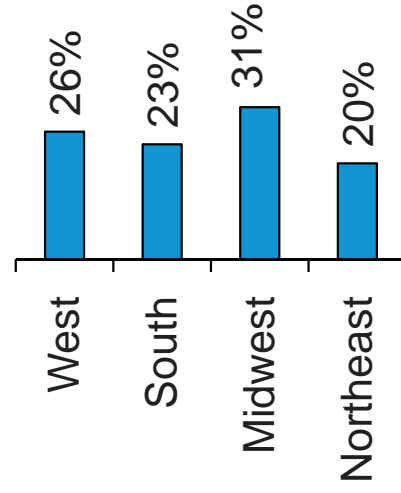
Note: Horizontal bars indicate monthly average degree days over the period 1971-2000.

Source: EIA calculations based on NOAA state history and forecasts (August 15, 2012) weighted by same-year populations.

Natural Gas

Higher natural gas consumption raises average fuel bills in the Midwest, Northeast, and South this winter

Share of all U.S. households that use natural gas as primary space heating fuel

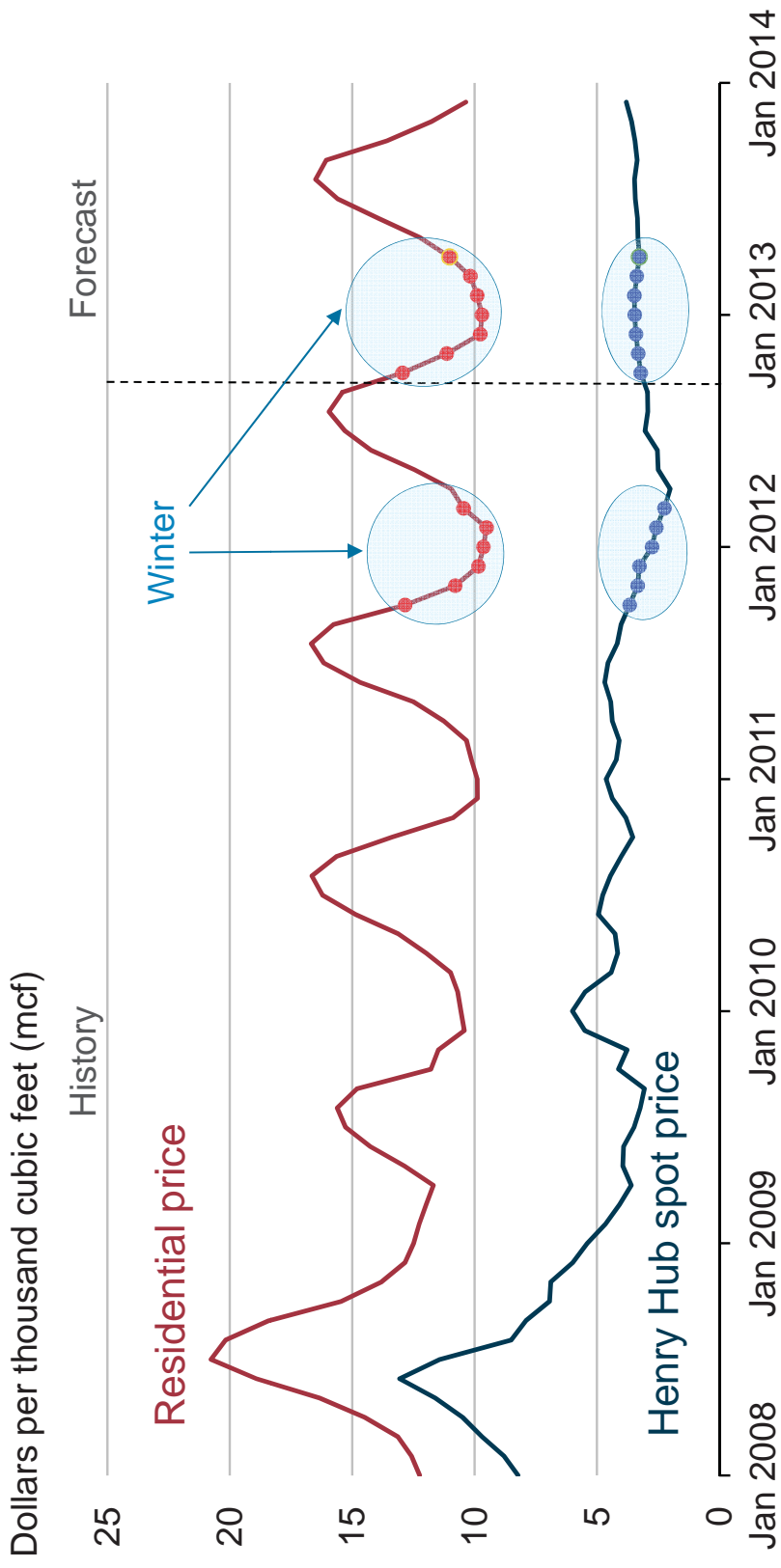


Percent change from last winter (forecast)

	Consumption	Average price	Total expenditures
West	1	-3	-2
South	20	-3	16
Midwest	18	1	19
Northeast	17	4	21

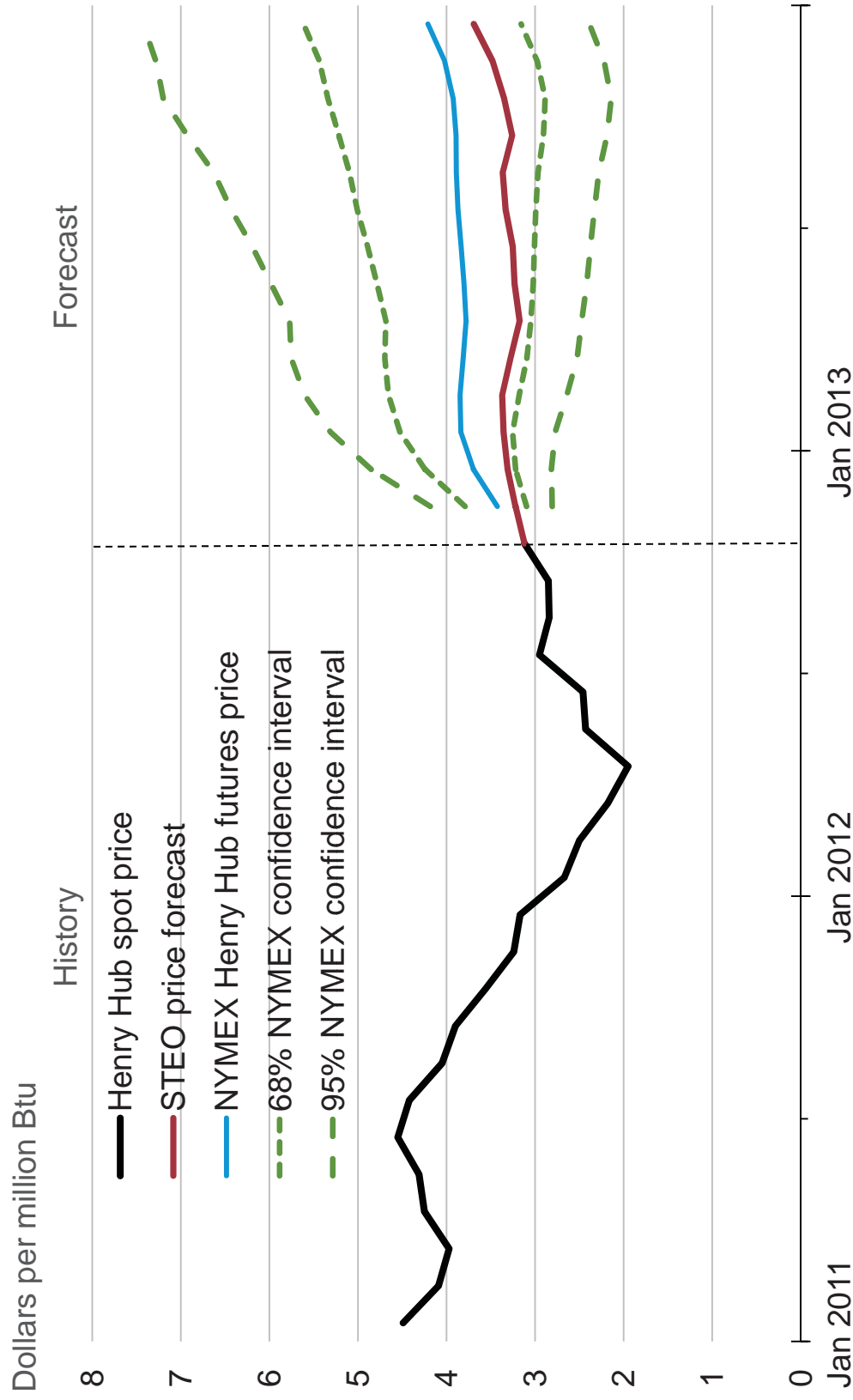
Source: EIA Short-Term Energy Outlook, October 2012

EIA expects residential natural gas prices to closely follow last winter's prices



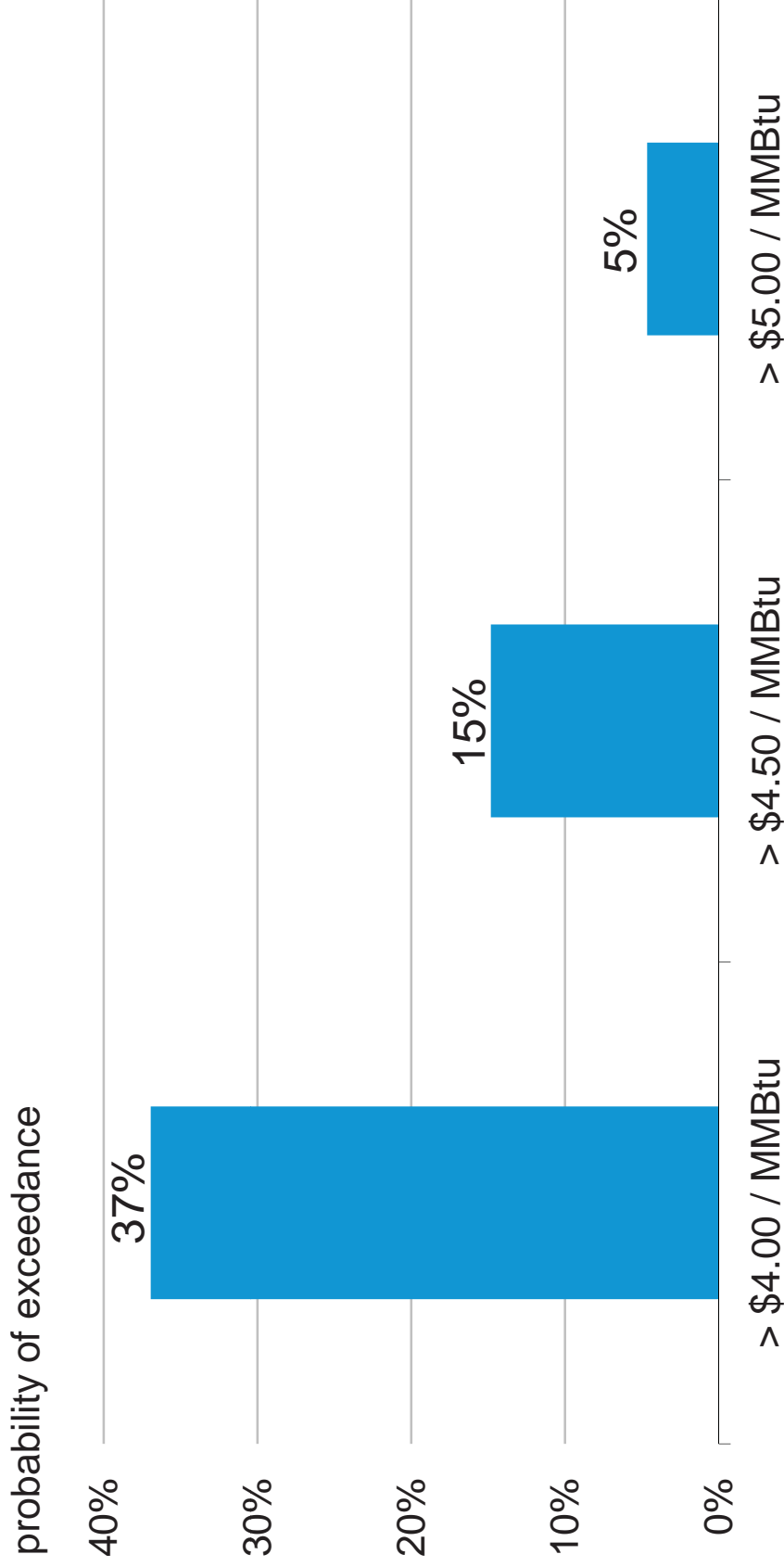
Source: EIA Short-Term Energy Outlook, October 2012

But, future natural gas prices remain highly uncertain



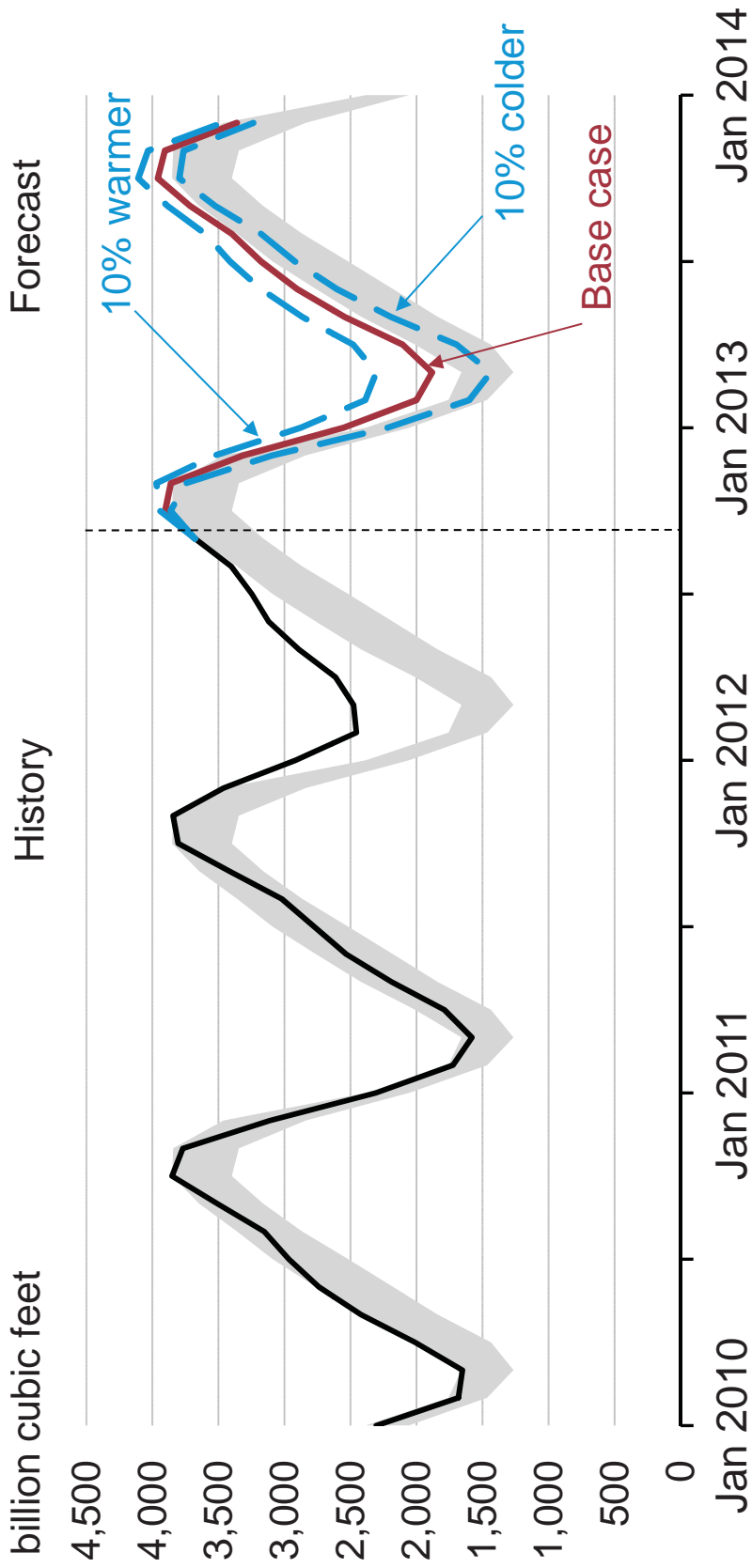
Source: EIA Short-Term Energy Outlook, October 2012, and CME Group

The probability of the January 2013 Henry Hub natural gas price being higher than \$5.00 per MMBtu is about 5%



Source: EIA Short-Term Energy Outlook, October 2012, and CME Group

EIA expects natural gas inventories to remain at high levels



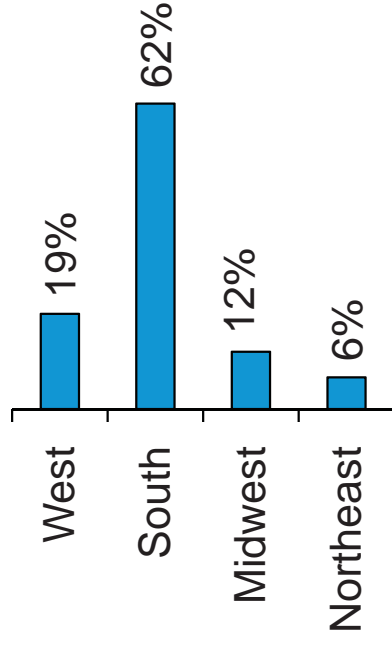
Note: Normal range (colored band) represents the range between the minimum to maximum from Jan. 2007 to Dec. 2011.

Source: EIA Short-Term Energy Outlook, October 2012

Electricity

Winter electricity bill forecasts also higher because of return to near-normal colder weather east of the Rockies

Share of all U.S. households that use electricity as primary space heating fuel



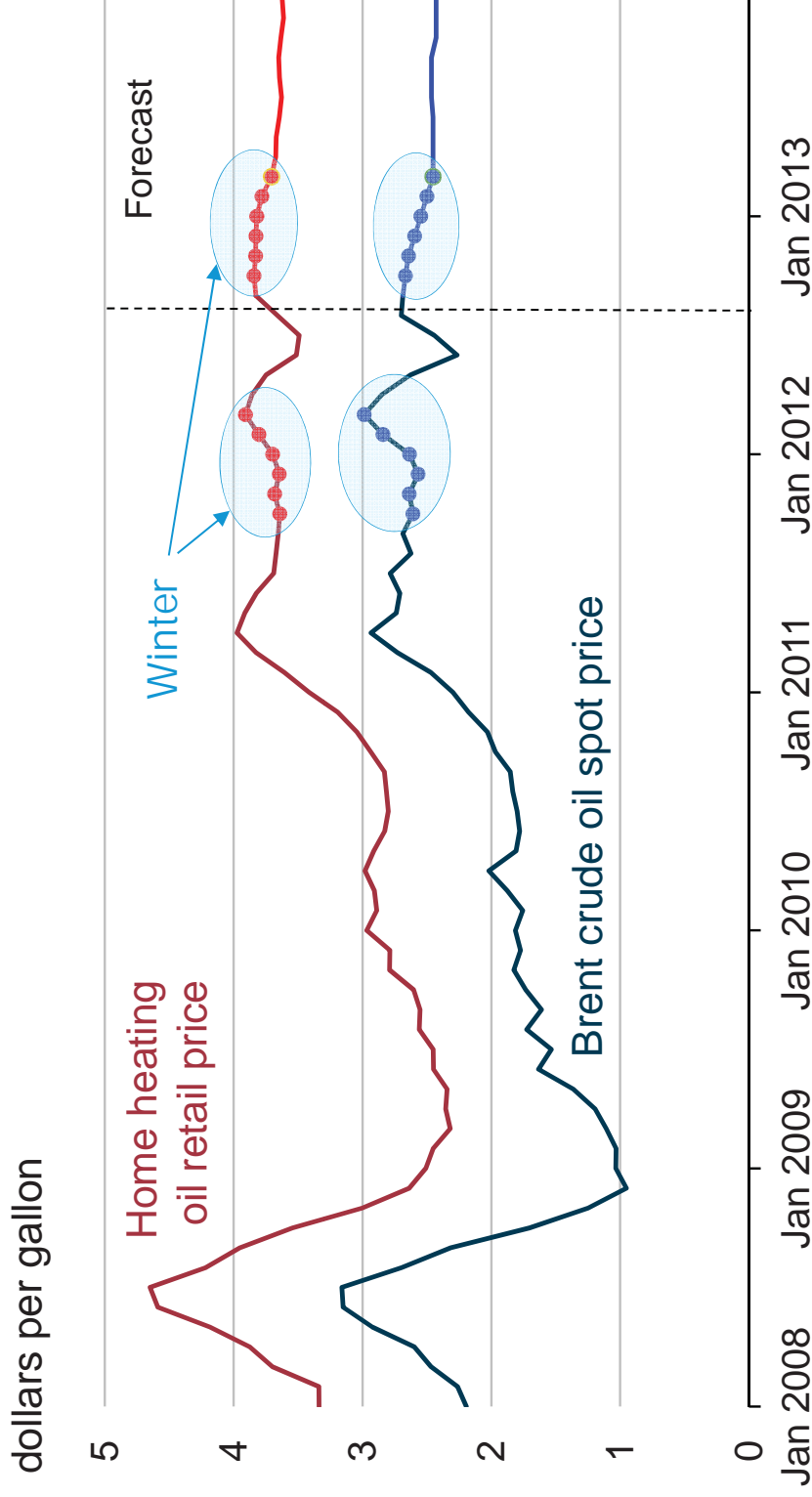
Percent change from last winter (forecast)

Consumption	Average price	Total expenditures
1	0	0
10	-3	7
10	-1	10
10	-3	6

Source: EIA Short-Term Energy Outlook, October 2012

Heating Oil

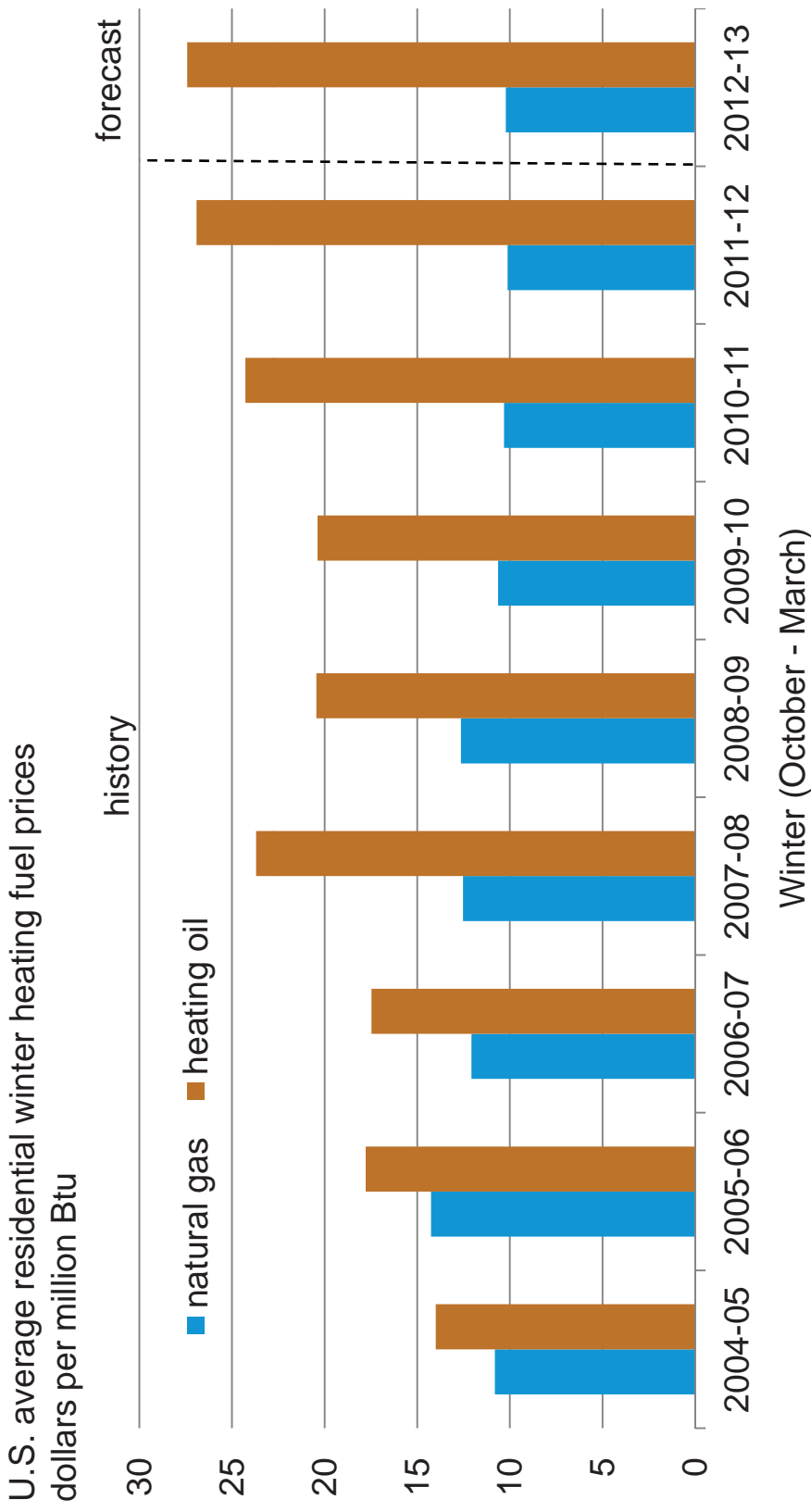
EIA expects residential heating oil prices to average 2% higher this winter than last



Home heating oil retail price includes taxes.

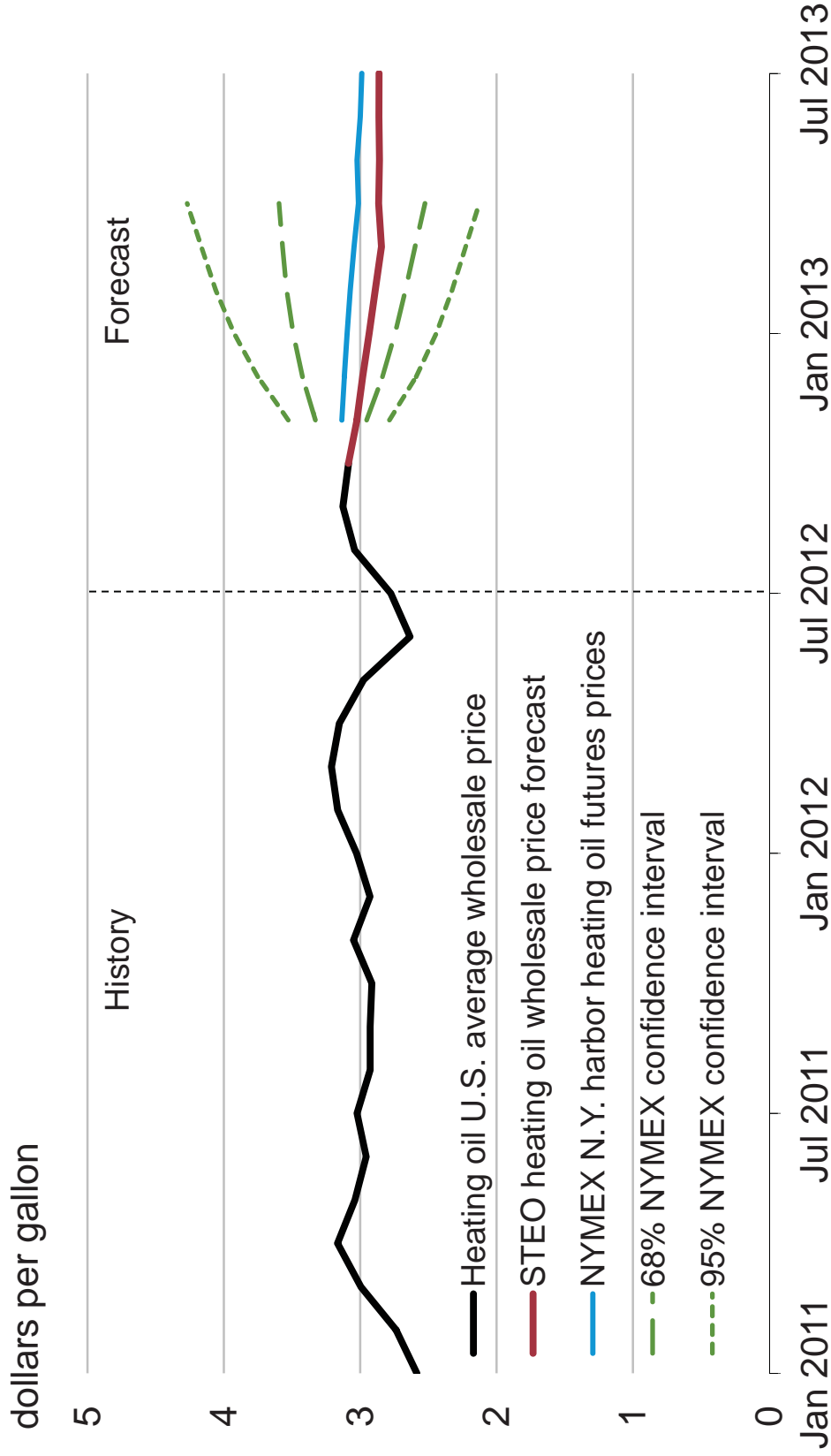
Source: EIA Short-Term Energy Outlook, October 2012

The growing divergence between heating oil and natural gas prices slows this winter with heating oil price up 2% and natural gas price 1% higher



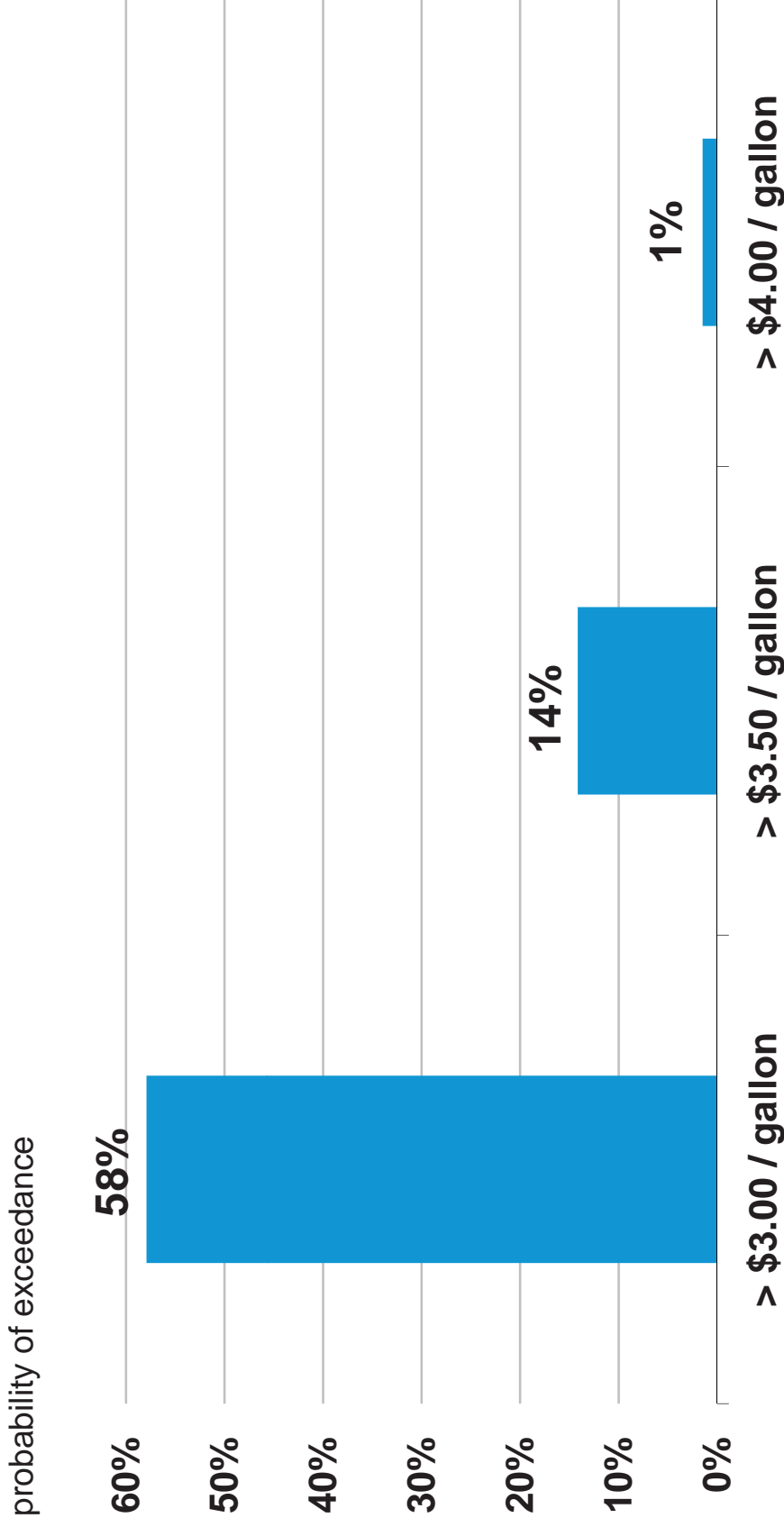
Source: EIA Short-Term Energy Outlook, October 2012

Heating oil prices remain uncertain due to their dependence on crude oil prices



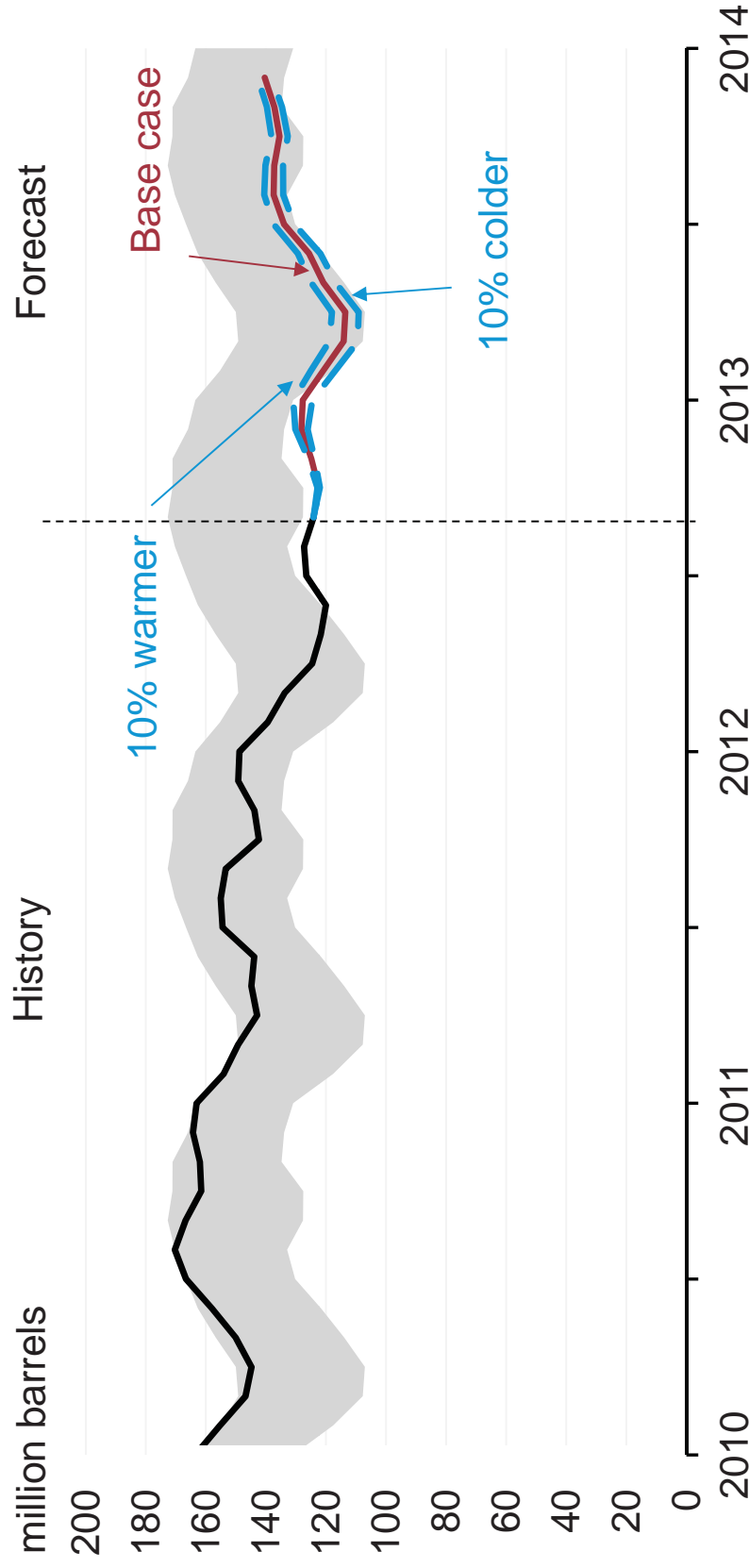
Source: EIA Short-Term Energy Outlook, October 2012, and CME Group

The probability of January 2013 heating oil wholesale price being higher than \$3.50 per gallon is about 14%



Source: EIA Short-Term Energy Outlook, October 2012, and CME Group

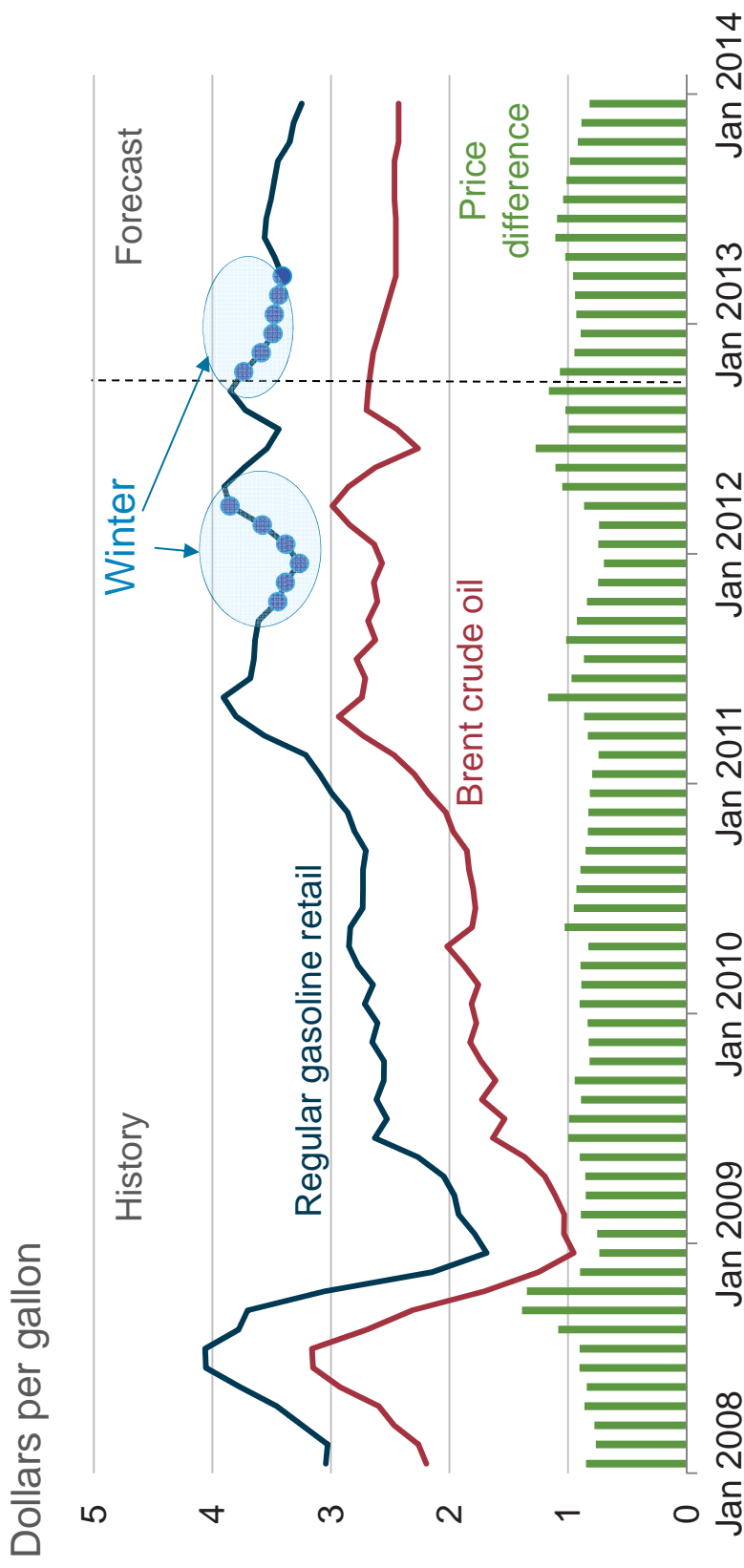
Going into winter, distillate inventories remain at the low end of their normal range



Note: Normal range (colored band) represents the range between the minimum to maximum from Jan. 2007 to Dec. 2011.

Source: EIA Short-Term Energy Outlook, October 2012

EIA expects gasoline prices will fall from the recent peak, with regular gasoline prices this winter averaging about 4 cents per gallon higher than last winter

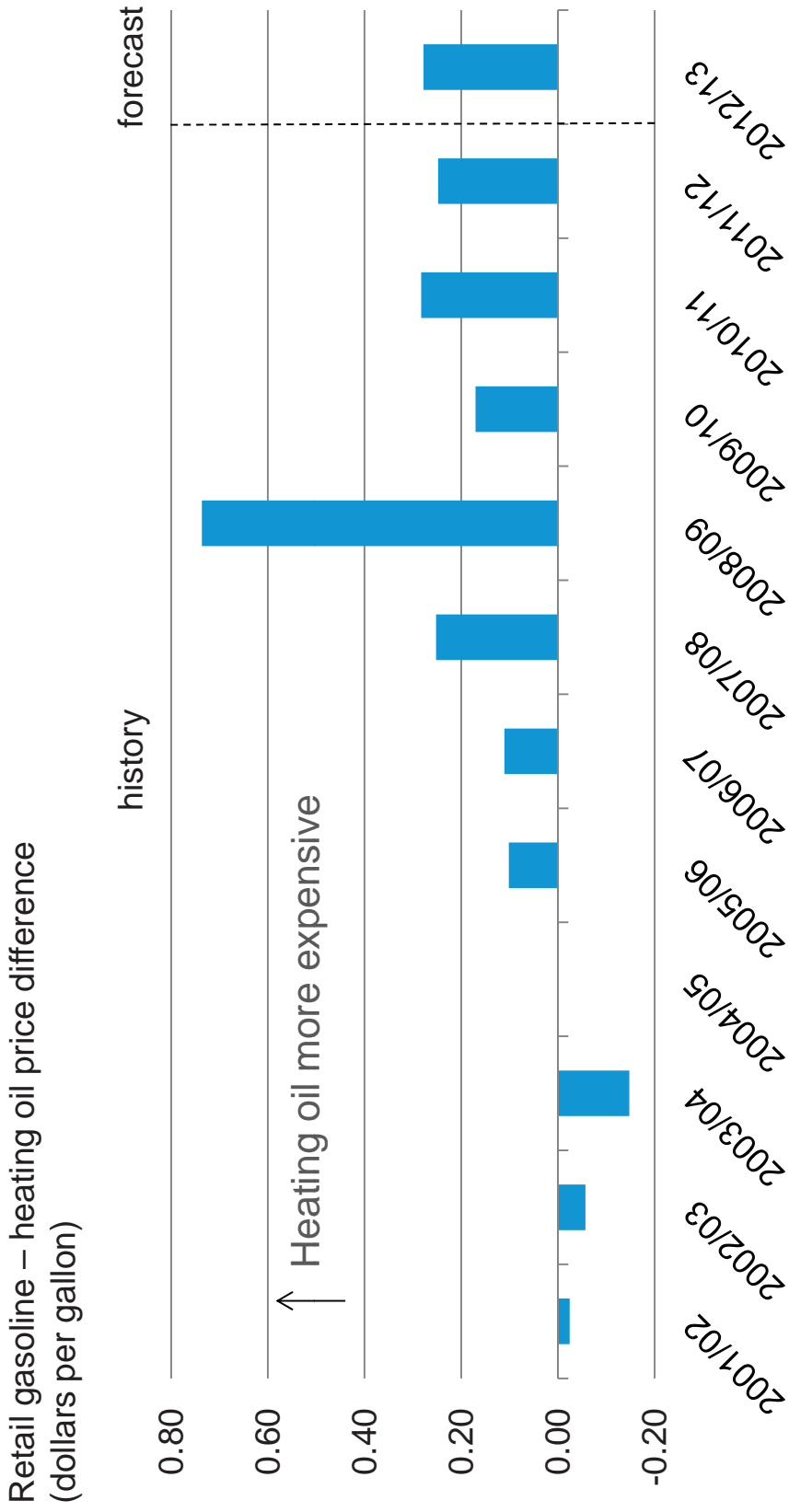


Regular gasoline retail price includes state and federal taxes.

Source: EIA Short-Term Energy Outlook, October 2012



Over the last 8 winters, residential heating oil prices have increased more than retail gasoline prices

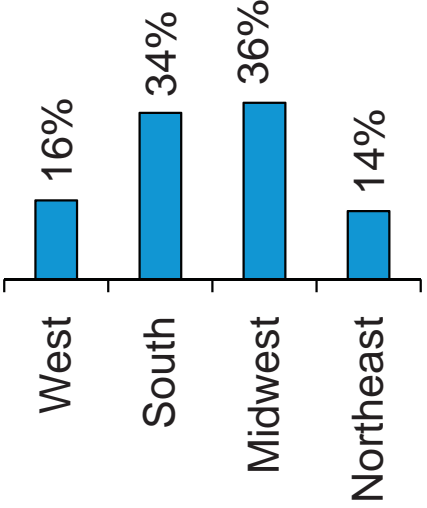


Source: EIA Short-Term Energy Outlook, October 2012, and CME Group

Propane

Forecast propane expenditures also higher than last winter because of colder weather and increased demand

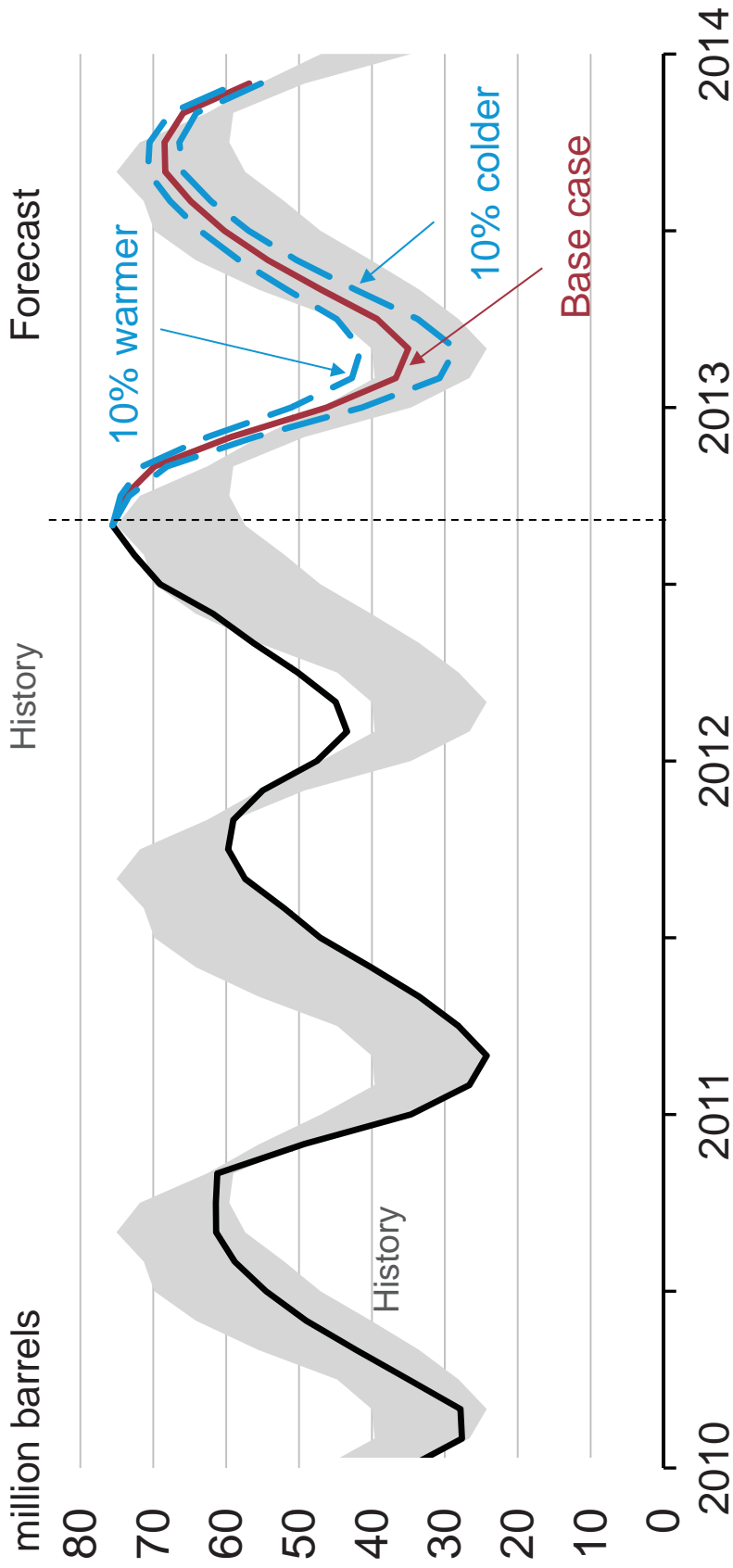
Share of all U.S. households that use propane as primary space heating fuel



Percent change from last winter (forecast)			
	Consumption	Average price	Total expenditures
West	-	-	-
South	-	-	-
Midwest	17	-5	11
Northeast	16	-1	15

Source: EIA Short-Term Energy Outlook, October 2012

Propane inventories remain near the high end of their historical range during the upcoming winter



Note: Normal range (colored band) represents the range between the minimum to maximum from Jan. 2007 to Dec. 2011.

Source: EIA Short-Term Energy Outlook, October 2012

For more information

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Annual Energy Outlook | www.eia.gov/aeo

International Energy Outlook | www.eia.gov/ieo

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